

Local procurement a legal requirement: minister

PRETORIA: The procurement of local content is not just a recommendation, it is a legal requirement for state entities, says Trade and Industry Minister Rob Davies.



All organs of state are obliged to procure goods that are on the designated list and conform with local content requirements.

"Among the challenges we face are that some procurers do not know what is required of them. We are saying that procurement officers should go to people with local content verification to assist them," the Minister said on Tuesday, 18 November.

The minister was speaking to the portfolio committee on Trade and Industry.

In September 2012, the Department of Trade and Industry (the dti) appointed the South African Bureau of Standards (SABS) to serve as the Local Content Verification Agency, with the Local Content Verification Office officially launched in June 2013.

"The SABS has since published the approved South African Technical Specification (SATS 1286) for the measurement and verification of local content. These standards should therefore be utilised to keep off shoddy work and protect businesses from shoddy verification agents.

"Our message is that the private sector should take it upon themselves to go to the SABS, for them to ensure that verification is done properly," explained the minister.

Minister Davies said the dti had engaged with the office of the Auditor-General with regard to designations - a requirement that must be implemented.

Chief Executive Officer (CEO) of the SABS, Dr Boni Mehlomakhulu, said public procurement of low quality goods made households unhappy.

She cited an example of low quality solar geysers which end up costing more to repair or replace. She highlighted the impact caused by government procuring outside the standards as they negatively affect service delivery.

"Quality assurance is important for service delivery," she said.

She warned of products that are labelled as "Made in South Africa" but are only be assembled in South Africa, with more than 90% of foreign content.

Mehlomakhulu urged government to insist on localisation on products that are available in the country. She said foreign companies in South Africa should be required to transfer the skills and technology which will enable local companies to produce goods on their own.

Meanwhile, Minister Davies also handed out the first Local Content Verification Certificates based on a tender issued by the City of Johannesburg to Sandown Motors (Pty) Ltd, a subsidiary of Mercedes Benz South Africa, for the supply of the Rea Vaya 'Bus Rapid Transit' engines and chassis, with Marcopolo supplying the bus body against which there is an 80% designated local content threshold.

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